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WILSON, DeCAMP & TALBOTT, P. S. C.

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August 26, 1994

Mr. Vernon A. Williams,
Acting Secretary
Interstate Commerce Commission
Room 2303
12th & Constitution Avenue, N.W.
Washington, DC 20423

18960
RECORDATION NO. FILED 1425
SEP 1 1994 -2 50 PM
INTERSTATE COMMERCE COMMISSION

Re: Document for Recordation - Mortgage, Security Agreement
and Assignment

Dear Secretary Williams:

This will advise you that, as attorney for Central Bank & Trust Co., I have enclosed an original and one copy/counterpart of the documents described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

The document is a Mortgage, Security Agreement and Assignment, primary document, dated August 26, 1994.

The names and addresses of the parties to said document are as follows:

Mortgagor, Assignor: R. J. Corman Railroad Corporation
P.O. Box 788
Jessamine Station Pike
Nicholasville, Kentucky 40356

Mortgagee, Assignee: Central Bank & Trust Co.
300 West Vine Street
Lexington, Kentucky 40507

The equipment covered by the Mortgage, Security Agreement and Assignment consists of two (2) diesel locomotives, more particularly described as follows: 1955 Diesel Locomotive manufactured by Electro-Motive Division of General Motors, Model No. GP-9, Horsepower 1750, propelled by Diesel Electric, Serial No. 55F101, Road No. RJC 1940 and 1956 Diesel Locomotive, manufactured by Electro-Motive Division

RECEIVED
OFFICE OF THE
SECRETARY
SEP 1 2 50 PM '94
LICENSING BRANCH

Mr. Vernon A. Williams
August 26, 1994
Page 2

of General Motors, Model No. GP-9, Horsepower 1750, propelled by Diesel Electric, Serial No. 56E85, Road No. RJC 1941.

A fee of \$18.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to Hon. Earl S. Wilson, Jr., Wilson, DeCamp & Talbott, P.S.C., 155 East Main Street, Suite 200, Lexington, Kentucky 40507, (606) 225-1191.

A short summary of the document to appear in the index is as follows: Mortgage, Security Agreement and Assignment between R. J. Corman Railroad Corporation, P.O. Box 788, Jessamine Station Pike, Nicholasville, Kentucky 40356, Mortgagor/Assignor, and Central Bank & Trust Co., 300 West Vine Street, Lexington, Kentucky 40507, Mortgagee/Assignee, dated August 26, 1994 and covering the above-described diesel locomotives.

Should you need additional information or if you deem this filing deficient in any way, please contact me immediately. With kind regards, I am

Very truly yours,



Earl S. Wilson, Jr.
Attorney for Central Bank & Trust Co.

ESW/lc
Enclosures
esw\cb&tlrj\cc.1

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

September 1, 1994

EARL S. WILSON JR
WILSON, DECAMP & TALBOTT, B. S.C.
155 EAST MAIN STREET SUITE 200
LEXINGTON KY 40507-1332

Dear MR. WILSON:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 9/1/94 at 2:50PM, and assigned recordation number(s). 18960 and 18961.

Sincerely yours,

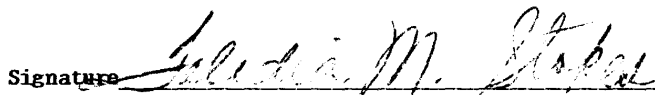


Vernon A. Williams
Acting Secretary

Enclosure(s)

\$ 36.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature



SEP 1 1994 -2 50 PM

MORTGAGE, SECURITY AGREEMENT
AND ASSIGNMENT

INTERSTATE COMMERCE COMMISSION

THIS MORTGAGE, SECURITY AGREEMENT AND ASSIGNMENT ("Mortgage"), effective as of the 26th day of August, 1994, by R. J. Corman Railroad Corporation, a Kentucky Corporation, P.O. Box 788, Jessamine Station Pike, Nicholasville, Jessamine County, Kentucky, (hereinafter called the "Mortgagor"), as party of the first part and Central Bank & Trust Co., 300 Kincaid Towers, Lexington, Fayette County, Kentucky, 40507, (hereinafter called the "Mortgagee"), (which term as used in every instance shall include the Mortgagee's successors and assigns), as party of the second part;

W I T N E S S E T H:

That for valuable considerations, and to induce Mortgagee to loan R. J. Corman Railroad Company/Memphis Line, a Kentucky corporation ("Borrower") pursuant to a line of credit provided for in a Loan Agreement of even date ("Loan Agreement") the principal sum of up to but not exceeding Five Million Five Hundred Twelve Thousand Five Hundred (\$5,512,500.00) Dollars evidenced by that certain Promissory Note of even date herewith, hereinafter referred to as the "Note", and as security for the Note and Mortgagor's guaranty of the Note of even date, the Mortgagor does grant, bargain, sell, alien, remise, release, assign, convey and confirm unto the Mortgagee, in fee simple a lien upon and security interest in that certain real estate, of which the Mortgagor is now seized and possessed and in actual possession, situate in the Counties of Bullitt and Nelson, State of Kentucky, which is described in Exhibit "A" attached hereto and made a part hereof. Hereinafter said real estate, buildings, improvements, (including any buildings and other improvements to be made hereafter), and fixtures hereinbelow described and located on said real estate are sometimes collectively referred to as the "Premises".

Together with (i) all general intangibles, chattel paper, instruments and other forms of obligations and receivables, all accounts receivable, income, rents, issues, profits and revenues arising from the hereinafter described property, the Premises and from the use thereof; (ii) all goods, supplies, materials, machinery, furniture, equipment and other personal property used in Mortgagor's Railroad Short Line operated in conjunction with the Premises or other property whatsoever now or hereafter attached to, installed in or used in connection with the Premises and the improvements now erected or hereafter to be erected on said Premises, including but not limited to all railroad tracks, appurtenances, rails, ties, ballast, switches, crossings, bridges, trestles, culverts, signals, crossing protection devices, antennae, communication lines, poles and loading platforms, all of which property and things are hereby declared to be permanent fixtures and accessions to the freehold and part of the realty conveyed herein as security for the indebtedness herein mentioned; (iii) all contracts, easements, rights of way or use, privileges, franchises, advantages, accessions, servitudes, tenements, hereditaments, agreements, interchange agreements, trackage agreements, crossing agreements, rate and car hire agreements, permits, licenses, leases, tenements, and all other documents pertaining to the Premises or the foregoing property now or any time hereafter, including but not limited to those described on Exhibit "B", attached hereto and made a part hereof, together with all rights of Mortgagor pursuant to the foregoing and any

and all present or hereafter amendments, supplements or additions to any of the foregoing; (iv) all easements and rights of way used in connection with any of the Premises or as a means of ingress to or egress from said Premises; (v) all interests of Mortgagor in and to any streets, ways, alleys and/or strips of land adjoining said Premises or any part thereof; and (vi) two (2) diesel locomotives more particularly described as follows: 1955 Diesel Locomotive manufactured by Electro-Motive Division of General Motors, Model No. GP-9, Horsepower 1750, propelled by Diesel Electric, Serial No. 55F101, Road No. RJC 1940 and 1956 Diesel Locomotive, manufactured by Electro-Motive Division of General Motors, Model No. GP-9, Horsepower 1750, propelled by Diesel Electric, Serial No. 56E85, Road No. RJC 1941. The listing of specific property set forth in Subparagraphs (i), (ii), (iii), (iv), (v) and (vi) above is not intended to limit or restrict the generality of the property described in said Subparagraphs. Notwithstanding any provisions in any other documents executed in conjunction with the Note to the contrary, perfection shall be governed by the laws of Kentucky and the United States of America. The Mortgagor agrees that the lien and security interest herein granted to the Mortgagee shall be in and extend to all of the Premises and property described above, and any and all proceeds thereof, whether cash or non-cash, or insurance proceeds or condemnation awards, so long as and during such times as the Note remains unpaid, whether such Premises or property are acquired by Mortgagor prior to, contemporaneously with or subsequent to the date of this Mortgage. With regard to after-acquired rolling stock, Mortgagor agrees to notify Mortgagee upon acquisition of same and further agrees to execute any and all additional documents as may be necessary to perfect Mortgagee's security interest in said rolling stock.

TO HAVE AND TO HOLD the Premises and all parts, rights, members and appurtenances thereof, to the use, benefit and behalf of the Mortgagee, its successors and assigns in fee simple forever, and the Mortgagor covenants that the Mortgagor is lawfully seized and possessed of the Premises in fee simple and has good right to convey the same, that the same are unencumbered excepting current non-delinquent taxes, Mortgage, Security Agreement and Assignment dated November 29, 1990 in favor of Mortgagee, easements, trackage rights, interchange agreements, crossing agreements, permits, leases, licenses and restrictions with respect to that portion of the Premises which is used for trackage purposes, and that the Mortgagor will warrant and defend the title thereto against the claims of all persons whomsoever, except as hereinafter expressly provided.

PROVIDED ALWAYS that if the Mortgagor shall pay unto the Mortgagee all sums required under the terms of the Note, which Note is in the principal amount of up to but not exceeding \$5,512,500.00, and has a maturity date of March 26, 1999 unless such maturity is accelerated as set forth in the Note, and shall comply with and abide by each and every one of the stipulations, agreements, conditions and covenants of the Loan Documents (as such term is defined in subparagraph 2.2 (b) hereof), then in such event this Mortgage and Security Agreement and the estate hereby created shall cease and be null and void.

The Mortgagor covenants with the Mortgagee as follows:

ARTICLE I.

1.1 Maximum Principal Amount of Credit. The maximum principal amount of credit which may be extended under the line of credit mentioned hereinabove pursuant to the Loan Agreement and which may be outstanding at any time or times thereunder, and which is secured by this Mortgage shall not at any time exceed Five Million Five Hundred Twelve Thousand Five Hundred (\$5,512,500.00) Dollars. Mortgagor represents and warrants to Mortgagee that the Premises are not and shall not constitute during the term of this Mortgage an owner-occupied, single or double family dwelling for purposes of KRS 382.385.

1.2 Payment of Indebtedness. The Borrower and/or Mortgagor will pay the Note according to the tenor thereof and all other sums secured hereby promptly as the same shall become due.

1.3 Monthly Deposit. To further secure the payment of the taxes and assessments hereinafter referred to and the premiums on the insurance hereafter referred to, the Mortgagor will, at the request of Mortgagee, deposit with the Mortgagee on the first day of each and every month a sum which, in the estimation of the Mortgagee, shall be equal to one-twelfth of the annual taxes, assessments and insurance premiums; said deposits to be held by the Mortgagee free of interest, and free of any liens or claims on the part of creditors of the Mortgagor and as part of the security of the Mortgagee, and to be used by the Mortgagee to pay current taxes and assessments and insurance premiums on the Premises as the same accrue and are payable. Said deposits shall not be, nor be deemed to be, trust funds but may be commingled with the general funds of the Mortgagee. If said deposits are insufficient to pay the taxes and assessments and insurance premiums in full as the same become payable, the Mortgagor will deposit with the Mortgagee such additional sum or sums as may be required in order for the Mortgagee to pay such taxes and assessments and insurance premiums in full. Upon any default hereunder or under the Note, the Mortgagee may, at its option, apply any money in the fund resulting from said deposits to the payment of the indebtedness secured hereby in such manner as it may elect.

1.4 Taxes, Liens and Other Charges.

(a) In the event of the passage of any state, federal, municipal or other governmental law, order, rule or regulation, subsequent to the date hereof, in any manner changing or modifying the laws now in force governing the taxation of debts secured by mortgages or the manner of collecting taxes so as to affect adversely the Mortgagee, the Mortgagor will promptly pay any such tax; if the Mortgagor fails to make such prompt payment or if any such state, federal, municipal or other governmental law, order, rule or regulation prohibits the Mortgagor from making such payment or would penalize the Mortgagee if the Mortgagor makes such payment, the entire balance of the principal sum secured by this Mortgage and all interest accrued thereon shall, without notice, immediately become due and payable at the option of the Mortgagee.

(b) The Mortgagor will pay, before the same become delinquent, all taxes, liens, assessments and charges of every character already levied or assessed or that may hereafter be levied or assessed upon or against the Premises and all utility charges, whether public or private; and upon demand will furnish the Mortgagee receipted bills evidencing such payment.

(c) The Mortgagor will not suffer any mechanic's, materialmen's, laborer's, statutory or other lien to be created or to remain outstanding upon any part of the Premises.

1.5 Insurance.

(a) The Mortgagor will keep all buildings and improvements whether now standing on the Premises or hereafter erected and all fixtures and personal property located in and on the Premises, continuously insured in an amount no less than full insurable value which coverage shall insure the Premises against loss or damage by fire and by the perils covered by extended coverage and against such other hazards as the Mortgagee, in its sole discretion, shall from time to time require, for the benefit of the Mortgagee. All such insurance at all times will be in an insurance company or companies in such amounts and with terms acceptable to the Mortgagee, with loss, if any, payable to the Mortgagee as its interest may appear, pursuant to a noncontributory mortgagee clause which shall be satisfactory to the Mortgagee; and forthwith upon the issuance of such policies the Mortgagor will deliver to the Mortgagee receipts for the premiums paid thereon and certificates of insurance and certified copies of such policies. Any policies furnished the Mortgagee shall become its property in the event the Mortgagee becomes the owner of the Premises by foreclosure or otherwise. Each insurance company is hereby authorized and directed to make payment for all such losses to the Mortgagee.

(b) In case of any material damage to or destruction of the Premises, any improvement or any part thereof, Mortgagor shall promptly give written notice thereof to the Mortgagee. Mortgagor and the Mortgagee may appear in any proceedings or negotiations and be represented by their respective counsel for the purpose of protecting their respective interests hereunder.

(c) In the event of any damage to or destruction of the Premises or any part thereof, Mortgagor in its sole discretion, may elect to restore the Premises and Mortgagee shall make the net amount of all insurance proceeds actually received by Mortgagee available for the restoration of the Premises affected by such loss or damage, subject to the following conditions:

(i) No Event of Default hereunder shall be in existence; and,

(ii) If the proceeds of such insurance exceed \$25,000.00, Mortgagee shall hold the proceeds in escrow and disburse the funds in accordance with a construction draw schedule acceptable to Mortgagee, subject to (A) Mortgagee's approval (not to be unreasonably withheld) of the plans, specifications and contracts for such repair or restoration, (B) receipt of evidence reasonably satisfactory to Mortgagee that the amounts to be disbursed are due and owing for work performed for such repair or restoration, and (C) receipt of paid invoices and lien waivers satisfactory to Mortgagee for amounts then to be paid; and,

(iii) If Mortgagee reasonably believes that such insurance proceeds shall be insufficient so to restore the Premises, Mortgagor shall furnish and deposit with Mortgagee additional funds, to be held in escrow under the same terms and conditions detailed above, in an amount satisfactory to Mortgagee to assure that funds will be available when required for such purpose; and when restoration of the Premises is completed, the

excess of insurance proceeds, if any, shall be applied by Mortgagee to the Note as a prepayment.

In the event any of the above conditions are not complied with to Mortgagee's reasonable satisfaction, or if Mortgagor elects, in its sole discretion, not to repair such damage or restore the Premises, all such insurance proceeds shall be applied to the Note as a prepayment.

1.6 Care of Premises.

(a) The Mortgagor will keep the improvements now or hereafter erected on the Premises in good condition and repair, will make any repairs demanded by Mortgagee, will not commit or suffer any waste and will not do or suffer to be done anything which will increase the risk of fire or other hazard to the Premises or any part thereof.

(b) The Mortgagor will not remove or demolish nor alter the design or structural character of any building (now or hereafter erected), fixture or chattel which are part of the security or other part of the Premises without the prior written consent of the Mortgagee.

(c) If the Premises or any part thereof is damaged by fire or any other cause, the Mortgagor will give immediate written notice of the same to the Mortgagee.

(d) Mortgagee, its agents, representatives or employees, are authorized to enter at any time upon or in any part of the Premises for the purpose of inspecting the Premises and for the purpose of performing any of the acts it is authorized to perform under the terms of this Mortgage or any of the Loan Documents. Mortgagee shall have the right to have the Premises inspected by an architect, engineer, or other person or firm selected and retained by Mortgagee at least annually and at any time that Mortgagee reasonably believes such inspection necessary. Mortgagor shall reimburse Mortgagee for the costs incurred by reason of such inspections and the reimbursement of such costs shall also be secured by this Mortgage.

(e) The Mortgagor will promptly comply with all present and future laws, ordinances, rules and regulations of any governmental authority affecting the Premises or any part thereof.

(f) If all or any part of the Premises shall be damaged by fire or other casualty for which the Mortgagor had not obtained insurance coverage as required herein, then the Mortgagor, at the Mortgagor's expense, will promptly restore the Premises to the equivalent of its condition immediately prior to such damage or destruction. If a part of the Premises shall be damaged or lost through condemnation, the restoration of the Premises shall be controlled by Paragraph 1.13.

1.7 Further Assurances; Modifications. At any time, and from time to time, upon request by the Mortgagee, the Mortgagor will make, execute and deliver or cause to be made, executed and delivered, to the Mortgagee, any and all other further instruments, certificates

and other documents as may, in the opinion of the Mortgagee, be necessary or desirable in order to effectuate, complete, or perfect or to continue and preserve (i) the obligations of the Mortgagor under the Note, (ii) the security interest of this Mortgage, and (iii) the mortgage lien hereunder. Upon any failure by the Mortgagor so to do, the Mortgagee may make, execute and record any and all such instruments, certificates and documents for and in the name of the Mortgagor and the Mortgagor hereby irrevocably appoints the Mortgagee the agent and the attorney in fact of the Mortgagor so to do.

1.8 Leases Affecting the Premises. Mortgagor shall not make any lease covering all or any part of the Premises without first submitting the proposed lease to the Mortgagee and obtaining the Mortgagee's approval of the form and substance thereof. Additionally, Mortgagor shall not collect any installment of rent in advance of the respective date prescribed in any lease for the payment thereof other than one (1) month advance rental in the form of a security deposit for the last month of any lease term. The Mortgagor shall perform all covenants to be performed by the landlord under any and all leases now or hereafter on the Premises or any part thereof and shall not, without the prior written consent of the Mortgagee, cancel, surrender or modify any such lease. The Mortgagor will furnish the Mortgagee signed copies of all leases on the Premises or any part thereof promptly after their execution. Upon request of the Mortgagee, the Mortgagor shall, by written instrument in form and substance satisfactory to the Mortgagee, assign to the Mortgagee the landlord and lessor interest in each and every lease hereafter entered into by the Mortgagor leasing all or any part of the Premises. The terms "lease" and "leases" as used in this paragraph 1.8 shall include all tenancies.

1.9 Expenses. In addition to the expenses described in subparagraph 2.5 (b) hereof, the Mortgagor will pay or reimburse the Mortgagee for all reasonable attorney's fees, costs and expenses, including those in connection with appellate proceedings, incurred by the Mortgagee in any proceedings involving the estate of a decedent or an insolvent, or in any action, legal proceeding or dispute of any kind in which the Mortgagee is made a party, or appears as party plaintiff or defendant, affecting the indebtedness secured hereby, this Mortgage or the interest created herein, or the Premises including but not limited to the exercise of the power of sale of this Mortgage, any condemnation action involving the Premises or any action to protect the security hereof; and any such amounts paid by the Mortgagee shall be secured by this Mortgage.

1.10 Estoppel Affidavits. The Borrower and/or Mortgagor, upon ten days' prior written notice, shall furnish the Mortgagee a written statement, duly acknowledged, setting forth the unpaid principal of, and interest on the indebtedness secured hereby and whether or not any off-sets or defenses exist against such principal and interest.

1.11 Subrogation. The Mortgagee shall be subrogated to the claims and liens of all parties whose claims or liens are discharged or paid with the proceeds of the indebtedness secured hereby.

1.12 Performance by Mortgagee of Defaults by Mortgagor. If the Mortgagor shall default in the payment of any tax, lien, assessment or charge levied or assessed against the Premises; in the payment of any utility charge, whether public, or private; in the payment of any insurance premium; in the procurement of insurance coverage and the delivery of the

insurance policies required hereunder; in the performance of any covenant, term or condition of any leases affecting all or any part of the Premises; or in the performance or observance of any covenant, condition or term of this Mortgage; thence the Mortgagee, at its option, may perform or observe the same, and all payments made or costs incurred by the Mortgagee in connection therewith, shall be secured hereby and shall be, without demand, immediately repaid by the Mortgagor to the Mortgagee with interest thereon at the rate set out in the Note. The Mortgagee shall be the sole judge of the legality, validity and priority of any such tax, lien, assessment, charge, claim, premium and obligation, of the necessity for any such actions and of the amount necessary to be paid in satisfaction thereof. The Mortgagee is hereby empowered to enter and to authorize others to enter upon the Premises or any part thereof for the purpose of performing or observing any such defaulted covenant, condition or term, without thereby becoming liable to the Mortgagor or any other person in possession holding under the Mortgagor.

1.13 Condemnation.

(a) Total Taking. If (i) the entire Premises are taken through condemnation (which term when used in this Mortgage shall include any damage or taking by any governmental authority and any transfer by private sale in lieu thereof), or (ii) if less than the entire Premises are damaged or taken through condemnation which in the good faith judgment of Mortgagor renders uneconomical for its present use the portion of the Premises remaining after such condemnation (any such taking or damage being herein referred to as a "Total Taking"), then Mortgagee shall be entitled to receive the full condemnation award as a prepayment of the Note to be applied as therein provided.

(b) Partial Taking; Restoration. In case of any condemnation of the improvements to the Premises other than a Total Taking, Mortgagor, in its sole discretion, may elect to replace, restore or repair said improvements and Mortgagee shall make the net proceeds of the condemnation award actually received by Mortgagee available for the replacement, restoration or repair of said improvements, subject to the following conditions:

(i) No Event of Default hereunder shall be in existence; and,

(ii) If the net proceeds of the condemnation award exceed \$25,000.00, Mortgagee shall hold the proceeds in escrow and disburse the funds in accordance with a construction draw schedule acceptable to Mortgagee, subject to (A) Mortgagee's approval (not to be unreasonably withheld) of the plans, specifications and contracts for such replacement, restoration or repair, (B) receipt of evidence reasonably satisfactory to Mortgagee that the amounts to be disbursed are due and owing for work performed for such replacement, repair or restoration, and (C) receipt of paid invoices and lien waivers satisfactory to Mortgagee for amounts then to be paid; and,

(iii) If Mortgagee reasonably believes that such condemnation proceeds shall be insufficient to so replace, restore or repair the said improvements, Mortgagor shall furnish and deposit with Mortgagee additional funds, to be held in escrow under the same terms and conditions detailed above, in an amount satisfactory to Mortgagee to assure that funds will be available when required for such purpose; and

(iv) When the replacement, restoration or repair of said improvements is completed, the excess condemnation proceeds, if any, shall be paid to Mortgagor if a Default (as hereinafter defined) has not occurred and if such Default has occurred then the excess condemnation proceeds, if any, shall be applied to the Note as prepayment.

In the event that any of the above conditions are not complied with to Mortgagee's reasonable satisfaction, or if Mortgagor elects, in its sole discretion, not to replace, restore or repair said improvements, all such condemnation proceeds shall be applied to the Note as a prepayment.

1.14 Annual Operating Statements. The Mortgagor shall maintain accurate records of Mortgagor's income and expenses in connection with the operation of the Premises and shall promptly furnish to the Mortgagee within ninety (90) days after the close of the Mortgagor's fiscal years annual statements, certified by the Mortgagor, itemizing all material information with respect to the operation of the Premises, including, but not limited to sources of income, expenses, occupancy, list of tenants, gross sales of tenants, if any, on percentage lease, and balance sheets of the Premises for the fiscal year. If a default occurs hereunder, and while said default continues, the Mortgagor agrees to permit the Mortgagee, on demand, to inspect the books and accounts of the Mortgagor relating to the Premises. Failure to furnish said statements or permit inspection of books shall constitute a default by the Mortgagor hereunder.

1.15 Hazardous Substances. Mortgagor hereby represents that Mortgagor has no knowledge of (i) any "Hazardous Substances" (as hereinafter defined) being placed, held, located or disposed of on, under or at the Premises or any part thereof, or (ii) the Premises or any part thereof having ever been used as a dump site or storage site (whether permanent or temporary) for any Hazardous Substances (as hereinafter defined).

(a) Mortgagor shall indemnify Mortgagee and hold Mortgagee harmless from and against any and all losses, liabilities, including strict liability, damages, injuries, expenses, including reasonable attorney's fees, costs of any settlement or judgement and claims of any and every kind whatsoever (herein collectively "Liabilities") paid, incurred or suffered by, or asserted against, Mortgagee by any person or entity or governmental agency for, with respect to, or as a direct or indirect result of, the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from the Premises or any part thereof of any Hazardous Substance including without limitation, any liabilities asserted or arising under the Comprehensive Environmental Response, Compensation and Liability Act, any so called federal, state or local "Superfund" or "Superlien" laws, any other statute, law, ordinance, code, rule, regulation, order or decree either presently existing or subsequently enacted or adopted regulating, relating to or imposing liability, including strict liability or standards of conduct concerning any hazardous, toxic or dangerous element, material, substance or compound as now or at any time hereafter in effect (herein collectively "Hazardous Substance Laws"), regardless of whether or not caused by or within the control of Mortgagor, except for Liabilities attributable to negligence by the Mortgagee.

(b) For purposes of this Mortgage, "Hazardous Substances" shall mean and include those elements, materials, substances and compounds which are contained in the list of hazardous substances adopted by the United States Environmental Protection Agency (EPA) or the list of toxic pollutants designated by Congress or the EPA or which are defined as hazardous, toxic, pollutant, infectious or radioactive by any of the Hazardous Substance Laws.

(c) If Mortgagor receives any notice of (i) the happening of any event involving the use, spill, release, leak, seepage, discharge or cleanup of any Hazardous Substance on the Premises or any part thereof or in connection with Mortgagor's operations thereon or (ii) any complaint, order, citation or notice with regard to air emissions, water discharges, or any other environmental, health or safety matter affecting Mortgagor (an "Environmental Complaint") from any person or entity (including without limitation the EPA) then Mortgagor shall immediately notify Mortgagee orally and in writing of said notice.

(d) Mortgagee shall have the right but not the obligation, and without limitation of Mortgagee's rights under this Mortgage, to enter onto the Premises or to take such other actions as it reasonably deems necessary or advisable to clean-up, remove, resolve or minimize the impact of, or otherwise deal with, any such Hazardous Substance or Environmental complaint following receipt of any notice from any person or entity (including without limitation the EPA) asserting the existence of any Hazardous Substance and an Environmental Complaint pertaining to the Premises or any part thereof which, if true, could result in an order, suit or other action against Mortgagor and/or which, in the sole opinion of Mortgagee, could jeopardize its security under this Mortgage. All reasonable costs and expenses incurred by Mortgage in the exercise of any such rights shall be secured by this Mortgage and shall be payable by Mortgagor upon demand.

(e) Mortgagee shall have the right but not the obligation to require Mortgagor to perform periodically at reasonable intervals (at Mortgagor's expense) an environmental audit and, if deemed reasonably necessary by Mortgagee, an environmental risk assessment, each of which must be satisfactory to Mortgagee, of the Premises, hazardous waste management practices and/or hazardous waste disposal sites used by Mortgagor. Said audit and/or risk assessment must be performed by an environmental consultant satisfactory to Mortgagee. Should Mortgagor fail to perform said environmental audit or risk assessment within 30 days of Mortgagee's written request, Mortgagee shall have the right, but not the obligation, to retain an environmental consultant to perform said environmental audit or risk assessment. All costs and expenses incurred by Mortgagee in the exercise of such rights shall be secured by this Mortgage and shall be payable by Mortgagor upon demand.

(f) The provisions of this Paragraph shall survive any foreclosure or other enforcement hereof.

1.16 Personal Property and Fixtures. With regard to the personal property and fixtures described herein (sometimes jointly "Collateral"), Mortgagor hereby warrants and covenants:

(a) That no Financing Statement covering the Collateral or any proceeds thereof is on file in any public office except those executed in connection with the

aforementioned Mortgage, Security Agreement and Assignment dated November 29, 1990 in favor of Mortgagee and that at the request of Mortgagee, Mortgagor will join with Mortgagee in executing one or more Financing Statements, pursuant to the Kentucky Uniform Commercial Code, in form satisfactory to Mortgagee and will pay the cost of filing the same in all public offices wherever filing is deemed by Mortgagee to be necessary or desirable;

(b) That except for the above noted Mortgage, Security Agreement and Assignment dated November 29, 1990 the Collateral is free and clear and unencumbered.

(c) That Mortgagee will not sell or offer to sell or lease or otherwise transfer the Collateral or any interest therein without the written consent of Mortgagee;

(d) That Mortgagee will have and maintain insurance at all times with respect to the Collateral against risks of fire (including so-called extended coverage), theft, and other risks as Mortgagee may require and, in the case of locomotives, collision, containing such terms, in such form, for such periods and written by such companies as may be satisfactory to Mortgagee such insurance to be payable to Mortgagee and Mortgagor as their interests may appear; that all policies of insurance shall provide for ten days' written minimum cancellation notice to Mortgagee and at request of Mortgagee shall be delivered to and held by it; and that Mortgagee may act as attorney for Debtor in obtaining, adjusting, settling and cancelling such insurance and endorsing any drafts;

(e) That Mortgagor will keep the Collateral free from any adverse lien, security interest or encumbrance and in good order and repair and will not waste or destroy the Collateral or any part thereof; that Mortgagor will not use the Collateral in violation of any statute or ordinance; and that Mortgagee may examine and inspect the Collateral at any time, wherever located;

(f) That Mortgagor will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation or upon this Mortgage or upon the indebtedness secured hereby. At its option, Mortgagee may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may pay for insurance on the Collateral. Mortgagor agrees to reimburse Mortgagee on demand for any payment made, or any expense, incurred by Mortgagee pursuant to the foregoing authorization. If payment is not promptly paid, the amount of any such payment shall be added to the principal of the indebtedness secured by this Mortgage.

1.17 Possession of Collateral. Until default Mortgagor may have possession of the Collateral and use it in any lawful manner not inconsistent with this Mortgage and not inconsistent with any policy of insurance thereon.

1.18 Renewals. This Mortgage shall secure any and all renewals or extensions of the indebtedness secured hereby in whole or in part, and no renewals or extensions shall be deemed a payment so as to discharge this Mortgage.

ARTICLE II.

2.1 Due on Sale or Further Encumbrance Clause. In determining whether or not to make the loan secured hereby, Mortgagee examined the credit-worthiness of Borrower and Mortgagor, found it acceptable and relied and continues to rely upon same as the means of repayment of the loan. Mortgagee also evaluated the background and experience of Mortgagor in owning and operating property such as the Premises, found it acceptable and relied and continues to rely upon same as the means of maintaining the value of the Premises which is Mortgagee's security for the loan. Mortgagor is a business person or entity well-experienced in borrowing money and owning and operating property such as the Premises, was ably represented by a licensed attorney at law in the negotiation and documentation of the loan secured hereby and bargained at arm's length and without duress of any kind for all of the terms and conditions of the loan, including this provision. Mortgagor recognizes that Mortgagee is entitled to keep its loan portfolio at current interest rates by either making new loans at such rates or collecting assumption fees and/or increasing the interest rate on a loan, the security for which is purchased by a party other than the original Mortgagor. Mortgagor further recognizes that any secondary or junior financing placed upon the Premises (a) may divert funds which would otherwise be used to pay the Note secured hereby; (b) could result in acceleration and foreclosure by any such junior encumbrancer which would force Mortgagee to take measures and incur expenses to protect its security; (c) would detract from the value of the Premises should Mortgagee come into possession thereof with the intention of selling same; and (d) impair Mortgagee's right to accept a deed in lieu of foreclosure, as a foreclosure by Mortgagee would be necessary to clear the title to the Premises.

In accordance with the foregoing and for the purpose of (i) protecting Mortgagee's security both of repayment by Mortgagor and of value of the Premises; (ii) giving Mortgagee the full benefit of its bargain and contract with Mortgagor; (iii) allowing Mortgagee to raise the interest rate and/or collect assumption fees; and (iv) keeping the Premises free of subordinate financing liens, Mortgagor agrees that if this paragraph be deemed a restraint on alienation, that it is a reasonable one and that any sale, conveyance, assignment, further encumbrance or other transfer of title to the Premises or any interest therein (whether voluntarily or by operation of law) without the Mortgagee's prior written consent, which may be withheld for any reason, shall be an event of default hereunder. For the purpose of, and without limiting the generality of, the preceding sentence, the occurrence at any time of any of the following events shall be deemed to be an unpermitted transfer of title to the Premises and therefore an event of default hereunder:

(a) any sale, conveyance, assignment, or other transfer of or the grant of a security interest in, all or any part of the title to the Premises or to any property now or hereinafter located on the Premises;

(b) any sale, conveyance, assignment, or other transfer of, or the grant of a security interest in, any share of stock of the Mortgagor, except such transfer as would occur by death;

(c) any admission of any new shareholder to the Mortgagor or the withdrawal of any shareholder of Mortgagor;

(d) any sale, conveyance, assignment or other transfer of, or the grant of a security interest in, any share of stock of any corporation directly or indirectly controlling Mortgagor;

(e) any new or additional liabilities without the prior written consent of Mortgagee.

Any consent by the Mortgagee, or any waiver of an event of default, under this Paragraph shall not constitute a consent to, or waiver of any right, remedy or power of the Mortgagee upon a subsequent event of default under this Paragraph.

2.2 Default. A default shall have occurred hereunder if:

(a) The Mortgagor and/or Borrower shall fail to pay in full as and when due and payable any installment of principal, interest, late charges, escrow deposits, insurance premiums, taxes or any other amounts as required by the Note, this Mortgage, the Loan Agreement of even date or any other instrument evidencing, securing or executed in connection with the Loan Agreement or the indebtedness secured hereby all of which are sometimes hereafter collectively called the "Loan Documents"; or

(b) The Mortgagor and/or Borrower shall fail to duly observe any other covenant, condition or agreement of the Loan Documents;

(c) Any warranty or representation made or agreed to be made in any of the Loan Documents shall be breached by the Mortgagor and/or Borrower or shall prove to be false or misleading; or

(d) Any lien for labor or material or otherwise shall be filed against the Premises and not released within thirty (30) days after filing; or

(e) Any judgment shall be taken against the Mortgagor which, if adversely determined, could substantially impair the ability of the Mortgagor to perform each and every one of its obligations under and by virtue of the Loan Documents; or

(f) A levy shall be made or a receiver be appointed for the Collateral, the Premises or any part of the foregoing or any other property of the Mortgagor; or

(g) The Mortgagor or any of its shareholders shall file a voluntary petition in bankruptcy, or any other petition or answer seeking or acquiescing in reorganization, arrangement, composition, readjustment, liquidation or similar relief for the Mortgagor under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for Mortgagor; or

(h) The Mortgagor shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of the Mortgagor or of all or any part of the Collateral, the Premises or of any or all of the rents, revenues, issues, earnings, profits or income from the foregoing; or

- (i) The Mortgagor shall make any general assignment for the benefit of creditors; or
- (j) Mortgagor's dissolution or termination of existence; or
- (k) Any individual Mortgagor, Guarantor, or any other person primarily or secondarily obligated for the payment of the indebtedness evidenced by the Note shall die; or
- (l) In any legal proceeding the Mortgagor or any of its shareholders shall be adjudged to be insolvent or unable to pay the Mortgagor's debts as they become due; or
- (m) The Mortgagor shall do, or shall omit to do, any act, or any event shall occur, as a result of which any obligation of the Mortgagor, not arising hereunder, may be declared immediately due and payable by the holder thereof; or
- (n) The Mortgagor shall commit an event of default under the terms of any leases affecting all or any part of the Premises; or
- (o) The Mortgagor, without the prior written consent of the Mortgagee, voluntarily or by operation of law, shall sell, transfer, convey or assign all or any part of the legal or equitable title to the Collateral or the Premises, or any part of, or interest in the foregoing; or
- (p) Loss, theft, damage, destruction, sale or encumbrance to or of any of the Collateral or the Premises or any part of the foregoing, or the making of any levy, seizure or attachment thereof or thereon;
- (q) The Mortgagor, without the prior written consent of the Mortgagee, voluntarily or by operation of law, shall transfer, convey or assign the Premises or the Collateral, or any part of, or interest in, the Premises or Collateral as security for an indebtedness other than for the indebtedness secured hereby; or
- (r) An Event of Default occurs under the terms of any of the other Loan Documents; or
- (s) The Mortgagee shall reasonably suspect the occurrence of any one or more of the above said defaults and the Mortgagor, upon the request of the Mortgagee, shall fail to provide evidence reasonably satisfactory to the Mortgagee that such default has not in fact occurred.

For the purposes of this paragraph 2.2 the term "Mortgagor" shall be construed as any one or more of the parties comprising Mortgagor.

2.3 Acceleration of Maturity. If a default provided for in paragraph 2.2 above shall have occurred then the whole unpaid principal sum of the indebtedness secured hereby with interest accrued thereon shall, at the option of the Mortgagee, become immediately due and payable without notice or demand which shall be in addition to all other remedies Mortgagor may have under applicable law, principals of equity, the Loan Documents or otherwise, time

being of the essence of this Mortgage and of the Note secured hereby; and no omission on the part of the Mortgagee to exercise such option when entitled so to do shall be considered as a waiver of such right.

2.4 Right of Mortgagee to Enter and Take Possession and Collect Revenue.

(a) If any default shall have occurred and be continuing, and such default not having been cured within such time as may be allowed for cure, the Mortgagor, upon demand of the Mortgagee, shall forthwith surrender to the Mortgagee the actual possession of the Premises and Collateral and if, and to the extent, permitted by law, the Mortgagee may enter and take possession of the Premises and Collateral and may exclude the Mortgagor and the Mortgagor's agents and employees wholly therefrom. In the event Mortgagee exercises its right pursuant to this subparagraph (a), Mortgagor shall be deemed to be acting as agent of Mortgagee and not as owner of the Premises and Collateral and Mortgagee agrees to indemnify and hold harmless Mortgagee from and against any and all claims, losses, damages and expenses arising out of or in any way connected with the Mortgagee exercising its right of entry hereunder.

(b) Upon default, parties, customers, lessees and others who pay revenues covered by this Mortgage to the Mortgagor (collectively "Payors") are hereby irrevocably authorized and directed to pay directly to Mortgagee such revenues, and to continue such payments until they have been furnished with a release thereof, executed by Mortgagee in writing. None of the Payors shall be required to see to the proper application by Mortgagee of such revenues paid to it. Mortgagor covenants to cause all Payors to pay promptly to Mortgagee, at its address set forth herein, the interest of Mortgagor in such revenues and Mortgagor agrees to execute and deliver to said Payors, such documents as may be necessary or proper to effect the interest of these presents. Failure by Mortgagor to execute such documents shall not limit, nevertheless, Mortgagee's rights to collect said revenues as hereinabove provided. Should any Payor fail to make payment promptly to Mortgagee of the said revenues due and owing to the Mortgagor, Mortgagee shall have the right to notify and to discontinue services to said Payor and further, Mortgagee shall have the absolute right to enter into agreements, make sales, leases, or obtain other customers to use the Premises and/or Collateral without liability on Mortgagee in making such selection so long as ordinary care is used in respect thereto. Mortgagee shall never be under any obligation to enforce the collection of such revenues so assigned to it hereunder, nor shall it ever be liable for failure to exercise diligence in collection thereof, but it shall only be accountable for such sums as it shall actually receive, which shall be applied first to the cost of collection, including Mortgagee's reasonable attorney fees, then against interest and finally the balance against principal.

(c) For the purpose of carrying out the provisions of this paragraph 2.4, the Mortgagor hereby constitutes and appoints the Mortgagee the true and lawful attorney in fact of the Mortgagor to do and perform, from time to time, any and all actions necessary and incidental to such purpose and does, by these presents, ratify and confirm any and all actions taken in good faith by said attorney in fact.

(d) Whenever all such defaults have been cured and satisfied, the Mortgagee shall surrender possession of the Premises and Collateral to the Mortgagor,

provided that the right of the Mortgagee to take possession, from time to time, pursuant to subparagraph 2.4(a) shall exist if any subsequent default shall occur and be continuing.

2.5 Appointment of a Receiver and Foreclosure.

(a) If a default shall have occurred hereunder, and such default not having been cured within such time as may be allowed for such cure, then the whole debt secured by this Mortgage, with all interest thereon, and all other amounts hereby secured shall, at the option of Mortgagee, become immediately due and payable, and may forthwith or at any time thereafter be collected by foreclosure of or other proceeding upon this Mortgage or by any other proper, legal or equitable procedure without declaration of such option and without notice.

(b) In any suit to foreclose the lien hereof, there shall be allowed and included as additional indebtedness in the decree for sale all expenditures and expenses which may be paid or incurred by or on behalf of the Mortgagee for attorneys' fees, appraisers' fees, outlays for documentary and expert evidence, stenographers' charges, publication costs and costs (which may be estimated as to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examinations, title insurance policies, and similar data and assurances with respect to title as Mortgagee may deem to be reasonably necessary either to prosecute such suit or to evidence to bidders at any sale which may be had pursuant to such decree the true condition of the title to or the value of the Premises and/or Collateral. All expenditures and expenses of the nature in this paragraph mentioned shall become so much additional debt secured hereby and shall be immediately due and payable with interest thereon at the rate set out in the Note, when paid or incurred by Mortgagee in connection with (i) any proceeding, including foreclosure, probate, proceeding before the Interstate Commerce Commission, and bankruptcy proceedings, to which it shall be a party, either as plaintiff, claimant, or defendant, by reason of this Mortgage, or any indebtedness hereby secured, (ii) preparations for the commencement of any suit for the foreclosure hereof after accrual of such right to foreclose whether or not actually commenced, or (iii) preparations for the defense of any threatened suit or proceeding which might affect the Premises and/or the Collateral or the security hereof, whether or not actually commenced.

(c) Some of the property covered by this Mortgage and included as part of the Premises is herein declared to be permanent fixtures and accessions to the freehold and to be part of the realty. Nevertheless, Mortgagor acknowledges and agrees that some of said property can be severed and removed from the realty and sold either with the realty or separate therefrom for its salvage value. Mortgagor does hereby agree that, upon the occurrence of a default, Mortgagee shall have the right in its sole discretion to sell such property with the realty or separate from the realty. Mortgagor further acknowledges that the salvage value of said property if sold separately from the realty was a substantial inducement to the Mortgagee to make the loan evidenced by the Note. At any foreclosure sale, any combination, or all, of the Premises and Collateral, may be offered for sale for one total price, and the proceeds of such sale accounted for in one account without distinction between the items of security or without assigning to them any proportion of such proceeds, the Mortgagors hereby waiving the application of any doctrine of marshaling; and, in case the Mortgagee, in the exercise of the power of sale herein given, elects to sell the Premises

and/or Collateral in parts or parcels, said sales may be held from time to time, and the power of sale shall not be fully executed until all of the Premises and Collateral has been sold. Mortgagor shall fully cooperate in such liquidation of the Premises and Collateral or any part thereof and in connection therewith, shall obtain any required prior approval or authorization from the Interstate Commerce Commission to abandon and liquidate the Premises and Collateral or any part thereof and to discontinue railroad service. Mortgagor does hereby appoint Mortgagee as its Power of Attorney to seek on its behalf, at Mortgagee's option, any such approval or authorization from the Interstate Commerce Commission of any such abandonment and discontinuance of railroad service.

(d) Upon a default, the Mortgagee may elect, at its option, to direct that the Mortgagor sell the Premises and Collateral as a going concern for common carrier operations. If Mortgagee so elects, Mortgagor shall fully cooperate in such effort to sell and, in connection therewith, shall obtain any required prior authorization from the Interstate Commerce Commission of any such sale. Mortgagor does hereby appoint Mortgagee as its Power of Attorney to seek on its behalf, at Mortgagee's option, any such prior authorization from the Interstate Commerce Commission of any such sale. If the Mortgagee so elects to sell the Premises and Collateral as a going concern, such election shall not prejudice any other remedies afforded Mortgagee in this Mortgage.

(e) Upon default, Mortgagee may, at its option, direct that the Mortgagor liquidate certain assets but not all the assets secured hereby, such as excess real property, track or equipment, which are not necessary for rail common carrier service. Any such partial liquidation shall not prejudice Mortgagee with regard to any other remedies provided for in this Mortgage.

(f) Upon a default, the Mortgagee shall have the rents, issues and profits of the Premises and Collateral, have the right, at its option, to apply for and have appointed by a court of competent jurisdiction, a receiver to take charge of the Premises and Collateral. Such appointment may be made either before or after any sale, without notice, without regard to the solvency or insolvency of Mortgagor at the time of application for such receiver and without regard to the then value of the Premises or Collateral. Such receiver shall have power to collect the rents, issues and profits of the Premises and Collateral during the pendency of such foreclosure suit, and in case of a sale and a deficiency, during the full statutory period of redemption, if any, whether there be redemption or not, as well as during any further times when Mortgagor except for the intervention of such receiver, would be entitled to collect such rents, issues and profits, and all other powers which may be necessary or are usual in such cases for the protection, possession, control, management and operation of the Premises and Collateral during the whole of said period.

(g) Mortgagor shall deliver to Mortgagee at any time on its request, all agreements for deed, contracts, leases, abstracts, title insurance policies, muniment of title, surveys and other documents, agreements or other papers relating to the Premises and the Collateral, and in case of foreclosure thereof and failure to redeem, the same shall be delivered to and become the property of the person obtaining a deed or title to the Premises and Collateral by reason of such foreclosure.

2.6 Discontinuance of Proceedings and Restoration of the Parties. In case Mortgagee shall have proceeded to enforce any right or remedy under this Mortgage by receiver, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adverse to the Mortgagee, then and in every such case the Mortgagor and the Mortgagee shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of the Mortgagee shall continue as if no such proceeding had been taken.

2.7 Remedies Cumulative. No right, power or remedy conferred upon or reserved by the Mortgagee by this Mortgage or in the other Loan Documents is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now hereafter existing at law or in equity or by statute.

2.8 Time is of the essence of this Mortgage, but a waiver by the Mortgagee of a breach of any of the terms or conditions of said Note, or of this Mortgage or any of the other Loan Documents, on any one occasion shall not constitute a waiver of a subsequent breach of any of the terms or conditions of said Note or this Mortgage or any of the other Loan Documents on any other occasion.

ARTICLE III.

3.1 Successors and Assigns Included in Parties. Whenever in this Mortgage one of the parties hereto is named or referred to, the heirs, legal representative, successors and assigns of such parties shall be included and all covenants and agreements contained in this Mortgage by or on behalf of the Mortgagor and by or on behalf of the Mortgagee shall bind and inure to the benefit of their respective heirs, legal representatives, successors and assigns, whether so expressed or not. Provided, however, that the Mortgagor shall have no right to assign its obligations hereunder without the prior written consent of the Mortgagee.

3.2 Headings. The headings of the sections, paragraphs and subdivisions of this Mortgage are for the convenience of reference only, are not to be considered a part hereof and shall not limit or otherwise affect any of the terms hereof.

3.3 Invalid Provisions to Affect No Others. If fulfillment of any provisions hereof or any transaction related hereto or to the Note, at the time performance of such provisions shall be due, shall involve transcending the limit of validity prescribed by law, then ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity; and if any clause or provision herein contained operates or would prospectively operate to invalidate this Mortgage in whole or in part, then such clause or provision only shall be held for naught, as though not herein contained, and the remainder of this Mortgage shall remain operative and in full force and effect. Notwithstanding any provision contained herein, the total liability of Mortgagor for payment of interest, including service charges, penalties or any other fees pursuant to paragraph 1.12, subparagraph 2.5(b) or otherwise shall not exceed the maximum amount of such interest permitted by applicable law to be charged, and if any payments by Mortgagor include interest in excess of such maximum amount, Mortgagee shall apply such excess to the reduction of the unpaid principal amount due and pursuant hereto.

3.4 Number and Gender. Whenever the singular or plural number, masculine or feminine or neuter gender is used herein, it shall equally include the other.

ARTICLE IV.

4.1 Notice. Any notice or other communication required or permitted to be given hereunder shall be sufficient if in writing and delivered in person or sent by United States Certified Mail, postage prepaid, to the parties being given such notice at the following addresses:

Mortgagor: R. J. Corman, President
R. J. Corman Railroad Corporation
P.O. Box 788, Jessamine Station Pike
Nicholasville, Kentucky

Mortgagee: Central Bank & Trust Co.
300 W. Vine Street
Lexington, Kentucky 40507

any party may change said address by giving the other parties hereto notice of such change of address. Notice given as hereinabove provided shall be deemed given on the date of its deposit in the United States Mail and, unless sooner received, shall be deemed received by the party to whom it is addressed on the third calendar day following the date on which said notice is deposited in the mail, or if a courier system is used, on the date of delivery of the notice.

ARTICLE V.

5.1 Security Agreement.

(a) This instrument also creates a security interest in favor of the Mortgagee under the Kentucky Uniform Commercial Code, and Mortgagee shall also have all the rights and remedies of a secured party under the Kentucky Uniform Commercial Code, which shall be without limitation upon or in derogation of the rights and remedies created and accorded to the Mortgagee by this Mortgage, or pursuant to the common law or any other laws of the State of Kentucky or any other jurisdiction, it being understood that the rights and remedies of Mortgagee under the Kentucky Uniform Commercial Code shall be cumulative and in addition to all other rights and remedies of Mortgagee arising under this Mortgage, or under the common law or any other laws of the State of Kentucky or any other jurisdiction. Mortgagor agrees, warrants and represents that the Collateral is covered by this security interest and that same is free from any adverse lien, security interest or encumbrance except as otherwise provided herein; that the Mortgagor will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.

(b) Upon default and at any time thereafter Mortgagee shall have the remedies of a secured party under the Kentucky Uniform Commercial Code. Mortgagee may

require Mortgagor to assemble the Collateral or any portion thereof and make it available to Mortgagee at a place to be designated by Mortgagee which is reasonably convenient to both parties. Unless the Collateral is perishable or sold on a recognized market, Mortgagee will give Mortgagor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Mortgagor shown at least ten (10) days before the time of the sale or disposition.

5.2 Choice of Law. This Mortgage is to be construed in all respects and enforced according to the laws of the State of Kentucky and the United States of America, where applicable.

5.3 Rights of Third Parties. Any conditions of Mortgagee hereunder are imposed solely and exclusively for the benefit of Mortgagee and its successors and assigns, and no other person shall have standing to require satisfaction of such conditions, and no person shall, under any circumstances, be deemed to be a beneficiary of the Loan Documents, any provision of which may be freely waived in whole or in part by the Mortgagee at any time if, in its sole discretion, it deems it desirable to do so.

5.4 Mortgagor is not Mortgagee's Agent. Except as provided in paragraph 2.4 hereof, nothing in this Mortgage or any other Loan Documents executed in connection herewith shall be construed to make the Mortgagor the Mortgagee's agent for any purpose whatsoever, or the Mortgagor and Mortgagee partners, or joint or co-venturers, and the relationship of the parties shall, at all times, be that of debtor and creditor.

5.5 Mortgagee Not Liable for Damage or Loss. Any inspections and other services rendered by or on behalf of mortgagee shall be rendered solely for the protection and benefit of the Mortgagee. Neither Mortgagor nor other third persons shall be entitled to claim any loss or damage against the Mortgagee or against its agents or employees for failure to properly discharge their duties.

5.6 Mortgagor Not Obligated to Insure Proper Disbursement of Funds to Third Parties Nothing contained in this Mortgage or any Loan Documents shall impose upon Mortgagee any obligation to oversee the proper use or application of any disbursements and advances of funds made pursuant to the Construction Loan Agreement.

5.7 Indemnification from Third Party Claims. Mortgagor shall indemnify Mortgagee from any liability, claims or losses resulting from the condition of the Premises or the Collateral, whether arising during or after the term hereof. This provision shall survive the repayment of the Note and shall continue in full force and effect so long as the possibility of such liability, claims or losses exists.

5.8 Rights of Subcontractors, Contractors, Laborers and Materialmen. In no event shall this Mortgage be construed to make Mortgagee or any agent of Mortgagee liable to any general contractors, subcontractors, laborers, materialmen, craftsmen, or others for labor, materials or services delivered to the Premises or Collateral or goods specially fabricated for incorporation therein, or for debts or claims accruing or arising to such persons or parties

20

EXHIBIT "A"

All of Mortgagor's right, title and interest in and to that certain tract or parcel of land including the tracks and appurtenant materials located thereon, situating, lying and being in Bullitt and Nelson Counties, State of Kentucky, and being more particularly described as follows:

Right of way extending from Bardstown Junction to a point between Wickland and Early Times, Kentucky, and being more particularly described as follows:

Beginning at a point in the center line of the main track of the Bardstown & Springfield Branch of the Mortgagor at Valuation Station 4+35, which point is 402.5 feet measured in a general southerly direction along said center line main track from Milepost 22, said beginning point also being 4,685 feet measured westerly along said center line of main track from a point where the center line of the Kentucky Turnpike crosses said main track at Valuation Station 51+20; thence in a general easterly direction along said center line of Mortgagor's main tract, the right of way varying in width on each side, and extending through Bullitt and Nelson Counties for a distance of approximately 105,158 feet to the point of termination of this description, at Valuation Station 1055+93, containing 198.85 acres, more or less; being all or a part of the same property acquired by a predecessor of CSX Transportation, Inc. as set out in the following Deed Books and Pages:

<u>DEED BOOK</u>	<u>PAGE</u>
P	494
X	46
U	158
34	48
40	490
P	343
Q	584
45	198
53	514
43	124
R	243
28	393

all in the Office of the County Clerk, Bullitt County, Kentucky; and

<u>DEED BOOK</u>	<u>PAGE</u>
80	287
35	580
80	9
43	130
72	334
78	166
80	41
85	218

77	347
77	546
36	403
78	239
52	166
52	83
52	17
52	4
52	19
52	10
52	20
52	31

all in the office of the County Clerk, Nelson County, Kentucky.

Being the same property conveyed to Mortgagor by deed from CSX Transportation, Inc. dated January 15, 1987 of record in Deed Book 260, Page 616 and in Deed Book 262, Page 505, in the Nelson County Clerk's Office and of record in Deed Book 294, Page 374, in the Bullitt County Clerk's Office.

There is excepted from the above described real property and from the lien of this Mortgage the following:

The right of way of CSX Transportation, Inc., lying west of a line that is running 33 feet easterly from and parallel to the center line of the main track of Main Stem First (main line track between Louisville, Kentucky and Nashville, Tennessee). Provided, however, the lien of this Mortgage covers Mortgagor's non-exclusive railroad easement over the right of way of CSX Transportation, Inc. just described as an exception which easement was granted to Mortgagor in the aforementioned Deed to Mortgagor from CSX Transportation, Inc. of record in Deed Book 260, Page 616, and in Deed Book 262, Page 505, in the Nelson County Clerk's Office and of record in Deed Book 294, Page 374 in the Bullitt County Clerk's Office, and which easement is to be used only by Mortgagor for its railroad short line operation which use shall in no way interfere with the operation of the railroad of the CSX Transportation, Inc.

There is further excepted, however, from the above described property and from the lien of this Mortgage the following four tracts:

Tract I - A certain tract of land located on the east side of the R. J. Corman Railroad, adjoining the west side of Lot 5 of Camelot Estates, in Nelson County, Kentucky and more particularly described as follows:

Beginning at an iron pin, said pin being the original northwest corner of Lot 5; thence with Lot 5 S 20-30 E 574.50 feet to an iron pin, corner to Lot 5, Lot 16 and Lot 17 of Camelot Estates; thence with Lot 17 S 71-00 W 124.50 feet to an iron pin, corner to Lot 17 and 40 feet from the center of the R. J. Corman Railroad; thence running 40 feet from the center of said railroad N 20-30 W 555.10 feet to an iron pin, 40 feet from the center of the railroad and corner to a 0.38 acre tract added to Lot 6; thence leaving the railroad with said tract N 62-04 E 124.75 feet to

the point of beginning, containing 1.61 acres by survey of Franklin Hibbs LS 664, dated April 10, 1987.

Being the same property conveyed by Mortgagor to R. L. McClellan and Ellen McClellan, by Deed dated April 24, 1987, and of record in Deed Book 261, Page 763 in the Nelson County Clerk's Office.

Tract II - A certain tract of land located on the east side of the R. J. Corman Railroad and adjoining the rear of Lot 6 of Camelot Estates Subdivision, being 232.3 feet from the southeast corner of said Lot 6, in Nelson County, Kentucky, and more particularly described as follows:

Beginning at an iron pin, being the original southwest corner of Lot 6; thence with a division line of R. J. Corman property S 62-04 W 124.75 feet to an iron pin, corner to R. J. Corman property and 40 feet from the center of the R. J. Corman Railroad; thence with said railroad, running 40 feet from the center N 24-00 W 137.23 feet to a stake, 40 feet from the center of said railroad, corner to Lot 6; thence leaving the railroad with Lot 6 N 67-30 E 124.50 feet to an iron pin, corner to Lot 6; thence with Lot 6 S 24-00 E 125.5 feet to the point of beginning, containing 0.38 acres by survey of Franklin Hibbs LS 664 dated April 10, 1987.

Being the same property conveyed by Mortgagor to Richard E. Hambley and Audrey E. Hambley, by deed dated April 24, 1987 of record in Deed Book 261, Page 709, Nelson County Clerk's Office.

Tract III - A certain tract of land located on the east side of the R. J. Corman Railroad, between mile post 39 and mile post 40, near the Bardstown depot and more particularly described as follows:

Beginning at a point, 50 ft. from the center of the main track at Sta. 907+03.50; thence with the original r/w line running parallel 50 ft. from the center of the main track S 22-03-12 E 181.50 ft. to an iron pin 50 ft. from the center of the main track; thence S 67-56-48 W 20.00 ft. to an iron pin, 30 ft. from the center of main track; thence continuing with the original r/w line running parallel 30 ft. from the center of the main track S 22-03-12E 242.50 ft. to an iron pin corner to Rowe, on the north side of an alley and 30 ft. from the center of the main track at Sta. 911+27.50; thence S 67-56-48 W 9.00 ft. to a point 21 ft. from the center of the main track at Sta. 911+27.50; thence with a new r/w line, running parallel 21 ft. from the center of the main track N 22-03-12 W 324.00 ft. to a point 21 ft. from the center of the main track at Sta. 908+03.50; thence S 67-56-48 W 5.00 ft. to a point 16 ft. from the center of the main track at Sta. 908+03.50 thence with a new r/w line running parallel 16 ft. from the center of the main track N 22-03-12 W 100.00 ft. to a point 16 ft. from the center of the main track at Sta. 907+03.50; thence leaving the new r/w line at Sta. 907+03.50 N 67-56-48 E 34.00 ft. to the point of beginning. Containing 0.182 acres by survey of Franklin Hibbs LS 664, Dated 2 Nov. 1987.

Also hereby conveyed is the right to use a 3 ft. easement for pedestrian access to the rear of a portion of the building that is located on the above described property, said easement being 3 ft. west of and parallel to the hereinafter described line: Beginning at a point 16 ft. from the center of the main track at Sta. 907+03.50; thence S 22-03-12 E 100.00 ft.; to a point 16 ft.

from the center of the main track; thence N 67-56-48 E 5.00 ft. to a point 21 ft. from the center of the main track; thence S 22-03-12 E 81.50 ft. to a point, 21 ft. from the center of the main track at Sta. 908+85.00.

Being the same property conveyed to Marlowe Rowe and Freda Rowe, his wife from R. J. Corman Railroad Corporation by deed dated January 12, 1988, of record in Deed Book 265, Page 288, in the Nelson County Clerk's Office.

Tract IV - A certain strip of land, located on the East side of N Third St. and on the South side of the main line of the R. J. Corman Railroad Corp. Said strip being 9 ft. in width and running 16 ft. from and parallel to the centerline of said main line, and more particularly described as follows:

Beginning at a point 30 ft. from the center of N. Third St. and 16 ft. from the center of the railroad; Thence running 16 ft. from and parallel to a 6 degree curve through the following chords: S 45-59-57 E 13.56 ft.; S 47-52-29 E 49.99 ft.; S 50-49-31 E 49.99 ft.; S 53-46-33 E 49.99 ft.; S 56-43-34 E 49.99 ft.; S 59-40-37 E 49.99 ft.; S 62-37-39 E 49.99 ft.; S 65-34-41 E 49.99 ft. to a point 16 ft. from the center of the railroad, opposite the P.T. of said 6 degree curve; Thence S 67-03-12 E 98.92 ft. to a point 16 ft. from the center of the railroad on the west R/W line of N. Second St.; Thence with the West R/W line of N. Second St. S 19-26-48 W 34.06 ft. to a point on the West R/W line of N Second St., corner to Hagan; Thence leaving the road with Hagan N 67-03-12 W 101.00 ft. to a point, corner to Hagan; Thence with Hagan N 22-56-48 E 25.00 ft. to a point, corner to Hagan and 25 ft. from the center of the railroad; Thence running 25 ft. from and parallel to a 6 degree curve through the following calls: N 65-35-30 W 49.99 ft.; N 62-40-06 W 49.99 ft.; N 59-44-42 W 49.99 ft.; N 56-49-18 W 49.99 ft.; N 53-53-54 W 49.99 ft.; N 50-58-30 W 49.99 ft.; N 48-03-06 W 49.99 ft.; N 46-14-54 W 11.68 ft. to a point, corner to Hagan and 30 ft. from the center of N. Third Street; Thence with the East R/W line of N. Third St. N 14-01-39 E 10.42 ft. to the point of beginning, containing 0.153 acres.

The foregoing property is subject to all easements, stipulations and restrictions apparent and of record affecting said property.

Being the same property conveyed to Hagan Town House, Inc. by deed dated June 26, 1987, and of record in Deed Book 263, Page 165, in the Nelson County Clerk's Office.

The Lien of this Mortgage is further subject to an easement in favor of CSX Transportation, Inc., its successors or assigns, fifteen (15) feet in width along and/or across the property covered by this Mortgage to construct, maintain, operate, use, replace, relocate, renew and remove fiber optic communication cables, lines or facilities beneath the surface of the Premises, and all ancillary equipment or facilities (both underground and surface) or to attach the same to existing bridges or poles on the Premises; TOGETHER with the further rights to assign said easement, right and facilities, in whole or in part, and to lease or license the Premises or any improvements thereon. This easement and the rights associated therewith are more particularly described in the aforementioned deed from CSX Transportation, Inc. to Mortgagor of record in Deed Book 260, Page 616, in the Nelson County Clerk's Office and Deed Book 262, Page 505 and Deed Book 294, Page 374, in the Bullitt County Clerk's Office.

Also included in this Mortgage is all of Mortgagor's right, title and interest in and to that certain tract or parcel of land located in Nelson County, State of Kentucky, and being more particularly described as follows:

Beginning at the corner of a fence on the west side of Third Street at (A), as shown on plat, and running thence North 77 1/2 West 97 feet and 10 inches to the Southwest corner of said fence at (B), thence North 13 1/2 East 146 feet and 9 inches to the Northwest corner of said fence at (C), thence South 73 East 96 1/2 feet to a stone 1 1/3 feet North 13 1/2 East from the corner of the fence at (D); thence on the West side of Third Street, South 13 1/2 West 140 feet and 10 inches to the beginning.

Being the same property to which Leo Hagan and Richard S. Greenwell acquired an undivided one-half (1/2) interest each from Edwin Hagan, et. al. by deed dated November 14, 1939 and recorded in Deed Book 108, Page 468. See also, deed from Leo Hagan and his wife, Annie Laurie Hagan, to Leo Hagan and his wife, Annie Laurie Hagan, dated August 24, 1982 in Deed Book 238, Page 358 and deed from Richard S. Greenwell and his wife, Nora H. Greenwell to Richard S. Greenwell and his wife, Nora H. Greenwell, dated August 31, 1982 in Deed Book 238, Page 422. Leo Hagan died testate on October 15, 1982 and pursuant to the deed at Deed Book 238, page 358 and his Will at Will Book 31, Page 277, his wife, Annie Laurie Hagan, acquired full right and title to an undivided one-half (1/2) interest in and to the above-described property. All above referenced to deeds or will can be found in the Nelson county Court Clerk's Office.

The foregoing property is subject to all easements, stipulations and restrictions apparent and of record affecting said property.